

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
NOVEMBER 13, 2008

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Attending the meeting from the Department were: Judith G. Ripley, Director; John J. Schroeder, General Counsel, Deputy Director, Non-Depository Division and Secretary; James M. Cooper, Deputy Director, Non-Depository Division and Assistant Secretary; Gina R. Williams, Deputy Director, Administration Division; Troy Pogue, Supervisor, Administration Division; Connie Gustafson, Assistant Legal Counsel; Mark Tarpey, Supervisor, Consumer Credit Division; Mark Powell, Supervisor, Credit Union Division and Ronda Bailey, Executive Assistant. Guests were: David Prechtel and Jeremy Hill of Bingham McHale LLP and John Tansell and Jason Deppen of Krieg DeVault LLP.

I. EXECUTIVE SESSION:

- A. James Cooper and John Schroeder presented to the Members a review of reports of examination and other regulatory matters which are confidential pursuant to IC 28-1-2-30. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1(b)(7).
- B. John Schroeder presented to the Members information related to litigation. This aspect of the Executive Session is authorized by IC 5-14-1.5-6.1(b)(2)(B).

II. PUBLIC SESSION:

- A. Members Present: Richard J. Rice, Chairman; Mark A. Schroeder, Vice Chairman, Michael W. Davis, Donald E. Goetz, Paul R. Sweeney, Jean Wojtowicz and Judith Ripley, Director.
- B. Approval of October 9, 2008 minutes. Chairman Rice entertained a motion to approve the minutes of October 9, 2008 meeting. Mr. Sweeney moved approval of the minutes. Mr. Schroeder seconded the motion, and the motion passed unanimously.
- C. Date of next meeting: December 18, 2008 @ 10:00 a.m., at the Indiana Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- D. No action was taken pursuant to the Executive Session, as the information was advisory only.

E. DIVISION OF BANK AND TRUST COMPANIES:

1. First Merchants Corporation, Muncie, Delaware County, Indiana

Mr. Kirk J. Schreiber, Senior Bank Analyst presented this application. Mr. Schreiber introduced David Prechtel and Jeremy Hill of Bingham McHale LLP representing the applicant. Mr. Schreiber informed the Members that First Merchants Corporation, Muncie, Indiana ("First Merchants") filed an application to acquire 100% control of Lincoln Bancorp, Plainfield, Indiana ("Lincoln"), and thereby acquire its subsidiary bank, Lincoln Bank, Plainfield, Indiana pursuant to IC 28-2-14.

First Merchants and Lincoln entered into an Agreement of Reorganization and Merger ("Agreement") dated September 2, 2008. First Merchants will be the surviving corporation of the merger. Lincoln Bank will continue to exist for a short period of time until it is merged with and into First Merchants Bank of Central Indiana, National Association, Anderson, Indiana during the 1st quarter of 2009.

Mr. Schreiber informed the Members that it was the opinion of the Department staff that all the statutory requirements of IC 28-2-14-12 have been satisfactorily met and approval is recommended.

Ms. Wojtowicz abstained from the discussion and voting on this application due to her relationship as a director of First Merchants Corporation. **A motion for approval of the application was made by Mr. Goetz and seconded by Mr. Schroeder. The application was unanimously approved.**

2. **Hoosier Heartland State Bancorp, Crawfordsville, Montgomery County, Indiana**

Mr. Kirk J. Schreiber, Senior Bank Analyst presented this application. Mr. Schreiber introduced John Tanselle and Jason Deppen of Krieg DeVault LLP representing the applicant. Mr. Schreiber informed the Members that Hoosier Heartland State Bancorp, Crawfordsville, Indiana ("HHSB") filed an application to acquire 100% control of Linden State Bancorp, Linden, Indiana ("LLSB") and New Ross Bancorp, New Ross, Indiana ("NRB") pursuant to IC 28-2-14.

LSB and NRB entered into an Agreement and Plan of Reorganization ("Agreement") dated August 21, 2008. LSB and NRB formed HHSB solely for the purpose of effecting the merger. HHSB is jointly owned by LSB and NRB. At the effective time of the merger LSB and NRB each will be merged with and into HHSB. HHSB will be the surviving corporation. Immediately following the consummation of the bank holding company merger, the subsidiary banks of the holding companies will merge. Mr. Schreiber informed the Members that it was the opinion of the Department staff that all the statutory requirements of IC 28-2-14-12 have been satisfactorily met and approval is recommended. **A motion for approval of the application was made by Mr. Sweeney and seconded by Ms. Wojtowicz. The application was unanimously approved.**

3. **Linden State Bank, Linden, Montgomery County, Indiana**

Mr. Kirk Schreiber, Senior Bank Analyst presented the application. Mr. Schreiber informed the Members that Linden State Bank and Farmers State Bank, New Ross, Indiana propose to effect a merger pursuant to IC 28-1-7.

Linden State Bank will survive the merger. Both Linden State Bank and Farmers State Bank will be wholly-owned subsidiaries of Hoosier Heartland State Bancorp, Crawfordsville, Indiana at the time of the merger. The name of the resulting institution will be Hoosier Heartland State Bank and the main office will be relocated from Linden to Crawfordsville. Based on the findings, Mr. Schreiber recommended the merger be approved. A motion for

approval of the application was made by Mr. Schroeder and seconded by Mr. Sweeney. **The application was unanimously approved.**

4. MainSource Bank, Greensburg, Decatur County, Indiana

Mr. Kirk Schreiber, Senior Bank Analyst presented a request by MainSource Bank ("MainSource"). MainSource has requested to waive the prohibition against the pledge of assets by branches of MainSource located in the state of Kentucky pursuant to IC 28-2-17-23.

1st Independence Bank, Inc., Louisville, Kentucky ("1st Independence") is expected to merge with and into MainSource by November 30, 2008. Currently 1st Independence has pledged assets as security for public funds which is permitted by Kentucky law but prohibited by IC 28-1-5-2. Upon consummation of the merger the 1st Independence bank offices will become branches of MainSource and subject to Indiana law.

After a brief discussion, a motion to waive the prohibition of pledged assets on the Kentucky branches of MainSource upon consummation of the merger was made by Mr. Goetz and seconded by Ms. Wojtowicz. **The request was unanimously approved and an Order Waiving the Prohibited Activities was issued.**

5. Pawn Unlimited, Inc., Evansville, Vanderburgh County, Indiana

Mr. John Schroeder made the Members aware of a situation involving Pawn Unlimited, Inc. (Pawn Unlimited). The Department recently learned of allegations of a pattern of criminal activity being engaged in by the owner of this pawn shop. Mr. Schroeder noted that the ATF, the State Police, the Evansville County Sheriff, and the Evansville Police Department had conducted a raid of the store, and seized narcotics and firearms. This was brought to the attention of the Members in anticipation of likely licensure action. **This item was for informational purposes only.**

F. DIRECTOR'S COMMENTS AND REQUESTS :

1. Indiana Bank and Trust Company, Columbus, Bartholomew County, Indiana

The bank notified the Department that the "North Vernon Branch" closed on October 10, 2008. The branch was located at 1540 North State Street, North Vernon, Indiana. **This item was for informational purposes only.**

G. DIRECTOR'S DELEGATED ACTIONS:

1. First Farmers Bank and Trust Company, Converse, Miami County, Indiana

The bank has applied to the Department for approval to establish a branch office to be located at 828 North Baldwin, Marion, Grant County, Indiana. The branch is to be known as the First Farmers Bank and Trust Company. **This request was approved by the Director on October 16, 2008, under delegated authority.**

2. Kentland Bank, Kentland, Newton County, Indiana

The bank has applied to the Department for approval to relocate a branch office from 810 South College Avenue, Rensselaer, Indiana to 480 South College Avenue, Rensselaer, Indiana. The branch is to be known as the Rensselaer Branch. **This request was approved by the Director on October 16, 2008, under delegated authority.**

3. MainSource Bank, Greensburg, Decatur County, Indiana

MainSource Bank ("MainSource") has applied for approval of a merger with 1st Independence Bank, Inc., Louisville, Jefferson County, Indiana pursuant to IC 28-2-17. MainSource will be the surviving institution. Both institutions are 100% owned by MainSource Financial Group, Inc., Greensburg, Decatur County, Indiana. The name of the resulting institution will remain MainSource Bank. **This request was approved by the Director on October 31, 2008, under delegated authority.**

4. Indiana Bank and Trust Company, Columbus, Bartholomew County, Indiana

The bank has applied to the Department for approval to relocate a branch office from 67 West Main Street, Austin, Scott County, Indiana to 2879 North Highway 31, Austin Scott County, Indiana. The branch is to be known as Indiana Bank and Trust Company. **This request was approved by the Director on October 16, 2008, under delegated authority.**

5. Teachers Credit Union, South Bend, St. Joseph County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place persons who reside or are employed within the following communities into the field of membership of the credit union:

Jay County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10)

Parke County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10) Floyd County, Indiana (common bond of community residence or employment within a community as defined by 28-7-1-10). **This request was approved by the Director on October 14, 2008, under delegated authority.**

6. Forum Credit Union, Indianapolis, Marion County, Indiana

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. IC 28-7-1-10 allows a credit union to add one or more qualified groups to its field of membership. This amendment would place the following organizations into the field of membership of the credit union:

Evotem, LLC – Indianapolis – 42 members (common bond of occupation as defined by 28-7-1-10)

Lakeshore Chiropractic – Indianapolis – 4 members (common bond of occupation as defined by 28-7-1-10)

Stevens & Stevens, LLC – Indianapolis – 7 members (common bond of occupation as

defined by 28-7-1-10)

Sando, Jones, Aker The Plastic Surgery Group, P.C. – 14 members (common bond of occupation as defined by 28-7-1-10). **This request was approved by the Director on October 27, 2008, under delegated authority.**

7. **Chief Financial Services, Inc.** requested a consumer loan license. Applicant is based in Carmel, Indiana. The company plans to make direct loans secured by automobiles and purchase retail contracts from auto dealers. **This request was approved by the Director of October 10, 2008, under delegated authority.**
8. **HSBC Auto Credit Inc.** requested a consumer loan license. Applicant is based in San Diego, California. They will be refinancing auto loans/ retail installment contracts. **This request was approved by the Director of October 10, 2008, under delegated authority.**
9. **Ladybug Cleaners, LLC d/b/a Cash & Go** requested a consumer loan license. Applicant is based in Knox, Indiana. They will be making small loans under IC 24-4.5-7. **This request was approved by the Director of October 10, 2008, under delegated authority.**
10. **Affordable Check Cashing, Inc.** requested a check casher license. Applicant is based in Ft. Wayne, Indiana. They will be cashing all types of checks except personal. **This request was approved by the Director of October 10, 2008, under delegated authority.**
11. **Alliance Credit Counseling, Inc.** requested a debt management license. Applicant is based in Charlotte, North Carolina. **This request was approved by the Director of October 10, 2008, under delegated authority.**

CERTIFICATION:

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

Other Business: Chairman Rice asked if there was other business. There being no further business, Chairman Rice entertained a motion to adjourn the meeting. Ms. Wojtowicz moved for adjournment and Mr. Davis seconded the motion, and the motion passed unanimously.

APPROVED:

ATTEST:

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Richard J. Rice, Chairman

John J. Schroeder, Secretary